

DANVILLE-PITTSYLVANIA REGIONAL INDUSTRIAL FACILITY AUTHORITY

Minutes

April 9, 2018

The Regular Meeting of the Danville-Pittsylvania Regional Industrial Facility Authority convened at 12:14 p.m. on the above date at the Institute for Advanced Learning and Research, 150 Slayton Drive, Room 206, Danville, Virginia. Present were City of Danville Members Vice Chairman Sherman M. Saunders, Fred O. Shanks, III and Alternate J. Lee Vogler. Pittsylvania County Members present were Chairman Robert W. Warren, and Alternate Elton W. Blackstock. Ronald S. Searce was absent.

City/County staff members attending were: City Manager Ken Larking, Pittsylvania County Administrator David Smitherman, Assistant County Administrator for Planning & Development Gregory Sides, City of Danville Director of Economic Development Telly Tucker, Assistant Director of Economic Development Corrie Teague Bobe, Pittsylvania County Director of Economic Development Matt Rowe, City of Danville Director of Finance Michael Adkins, Senior Accountant Henrietta Weaver, Clement Wheatley Attorney Michael Guanzon and Secretary to the Authority Susan DeMasi. Also present were Brian Bradner and Shawn Harden from Dewberry & Davis and Danville City Council Member Madison Whittle.

PUBLIC COMMENT PERIOD

No one desired to be heard.

APPROVAL OF MINUTES FOR THE MARCH 12, 2018 MEETING

Upon **Motion** by Mr. Saunders and **second** by Mr. Blackstock, Minutes of the March 12, 2018 Meeting were approved as presented. Draft copies had been distributed to Authority Members prior to the Meeting.

NEW BUSINESS

5A. CONSIDERATION – RESOLUTION 2018-04-09-5A – APPROVING A ONE YEAR RENEWAL OF THE LEASE WITH OSBORNE COMPANY

Mr. Guanzon explained this is a one year renewal of the existing sod lease to the Osborne Company of North Carolina, at Berry Hill. The rent is \$1,000 per year and RIFA can access the property giving them twenty four hours notice. They have to keep any potential visitors staff brings there confidential, RIFA can terminate the lease with thirty days notice and give them a pro rata refund. They are required to maintain liability insurance naming the Authority as an additional insured. The benefits are having someone on the property who is responsible for the property, to make sure RIFA has someone with eyes on the acres they are leasing. They have been there at least four years and there have been no problems with them.

Mr. Shanks **moved** for adoption of *Resolution No. 2018-04-09-5A, approving a one-year renewal of the Lease to the Osborne Company of North Carolina, Inc., a North Carolina corporation, of approximately 100 acres of pastureland in the Authority's Berry Hill Project (a portion of 1366-78-4718 and 1367-70-4519), commonly known as 4380 Berry Hill Road, in Pittsylvania County, Virginia; the Lease Term shall be subject to a right of Landlord to show the demised premises upon 24-hours notice and the obligation of Tenant to keep the identity of any prospective business recruits confidential until a public announcement is made, if ever, or as otherwise required by law; the Authority shall have the right to early terminate the Lease*

DANVILLE-PITTSYLVANIA REGIONAL INDUSTRIAL FACILITY AUTHORITY

Minutes
April 9, 2018

with at least 30-days notice; and the Lease shall be for the use of harvesting grass hay and incidental uses acceptable to the Authority, at a total rental fee of \$1,000.

The Motion was **seconded** by Mr. Blackstock.

Mr. Warren asked if there was anything in the lease that strictly prohibits any hunting and Mr. Guanzon explained it can only be used for sod and no other purpose; that would be a prohibited use.

The **Motion** was carried by the following vote:

VOTE: 4-0
AYE: Warren, Blackstock, Saunders and Shanks (4)
NAY: None (0)

5B. CONSIDERATION – RESOLUTION 2018-04-09-5B – FORMALIZING AN INTERNAL PROCEDURE FOR STAFF TO APPROVE CERTAIN PROJECT APPROVALS AND NOTICES

Mr. Guanzon noted whenever RIFA has a project there are some routine notifications that need to be given, and notices from the Authority. It has been the internal procedure of the Authority to have a representative from the County or the City sign those documents on behalf of the Authority, depending on the location of the project. They are not allowed to provide certain notices that affect the material parts of the project. If there is a change order that requires the possibility of an increased amount of the project, that would always come back to the Authority for full voting and signature. If it is something routine, they would go ahead and sign those. This resolution formalizes what has been the practice in the past; if it is in the City, the City Manager can designate the person to take care of these things, in the County, the County Administrator would do the same. Mr. Bradner noted it is trying to streamline the process and not have to burden the Chairman or Vice Chairman with administrative items. Mr. Guanzon noted the procedure also states that if they do sign something, at the next board meeting they make it part of the staff report.

Mr. Shanks **moved** for adoption of *Resolution No. 2018-04-09-5B, formalizing an internal procedure for the Authority's staff to approve certain project approvals and notices from the Authority.*

The Motion was **seconded** by Mr. Saunders and carried by the following vote:

VOTE: 4-0
AYE: Warren, Blackstock, Saunders and Shanks (4)
NAY: None (0)

5C. CONSIDERATION – RESOLUTION 2018-04-09-5C - APPROVAL OF A PROPOSAL FOR PROFESSIONAL SERVICES FOR PHASE 1 PAD EXPANSION AT BERRY HILL

Mr. Bradner explained this Resolution is related to additional services on the Phase 1 Pad Expansion. Construction is substantially complete and there is approximately \$2M remaining in those grant funds. Staff has met, looked at various options on how to utilize those within the confines of the Phase 1 project, and the decision was made that the best use of those

DANVILLE-PITTSYLVANIA REGIONAL INDUSTRIAL FACILITY AUTHORITY

Minutes

April 9, 2018

funds would be to try to expand the pad in the configuration on the Exhibit attached to the site plan. The first step is modification of the permit; staff would not do anything beyond that until they get assurances from the Corp that RIFA can get approval to move forward. Mr. Sides and the staff have been working with the Tobacco Commission to secure their approval of this; they will be submitting a breakdown of the proposed budget. If the Board approves this today, they will not move forward until they get firm confirmation from the Tobacco Commission that they are in agreement.

Mr. Shanks questioned the leftover grant amount of \$2M and Mr. Bradner explained it was the total between the grant and local matching funds. Mr. Sides has been in communication with the Tobacco Commission staff, they have verbally acknowledged they really don't have any issue with this, they just asked for a breakdown of the budget as it relates to the \$2M. Mr. Shanks asked if RIFA was buying wetland credits and Mr. Bradner noted they were and it would be a big credit. They looked at a lot of different options and there were options where they might get a little bit more land area. A lot of the money is being spent for credits, but the feedback from Economic Development staff was that from the standpoint of the industries that are looking currently, having the configuration of the pad in that manner in today's market would be more advantageous than having a little bit larger land mass somewhere else.

Mr. Blackstock stated this is covered by Tobacco Commission money, but also some local funds have already been allocated for that and questioned if the County already budgeted these funds and are they set aside or is this something new; Mr. Sides noted they are encumbered in the budget and accounted for. Mr. Shanks asked for the City, is that encumbered from a previous budget or budgeted in a new budget and Mr. Adkins noted when the grant was awarded, the City budgeted and transferred the local match the City was responsible for. RIFA has that cash in the bank. Mr. Blackstock stated when RIFA received the grant the County moved money from the general fund surplus into a fund that is held by RIFA, and Mr. Adkins explained all the local funds have been transferred to RIFA.

Mr. Warren noted when he looks at the shaded map, would it have been more cost effective to have done that piece at the same time when doing the others. Mr. Bradner explained the original intent was to grade the entire area and create a sizeable pad. The reason it ended up in the configuration it did was to achieve the environmental permit from the Corp of Engineers. At that time, RIFA had to hold it under a certain threshold, if they choose to fight it they would still be fighting it right now and run the risk of losing all funding. The decision was made to make the best use of the funds, and grade as much a pad as could be useable.

Mr. Harden noted the original permit submittal for Lot 4 was 230 acres total of graded area. They kept bringing it down until they got to the configuration that was finally permitted, and that was done to keep it under an SPGP which the state issued. Staff feels in discussions with the Corp, the different climate now in Economic Development and what industries are looking for, that RIFA has a pretty good shot at this expanded pad.

Mr. Warren asked what they were experiencing with DEQ and the Corp of Engineers now that RIFA is at the level they are with Berry Hill, how the state is viewing Berry Hill, are they more cooperative. Mr. Bradner noted the state level had not been an issue for the most part, DEQ has been pretty good, and with respect to the Corp, it is a little better today.

DANVILLE-PITTSYLVANIA REGIONAL INDUSTRIAL FACILITY AUTHORITY

Minutes
April 9, 2018

Mr. Guanzon noted for background for those who were not here, RIFA had to engage a consultant to try and get whatever permit they could. That also involved some careful planning and discussions at what level, if any, were local politicians going to assist in this process, whether that was going to help or hinder or a combination of both. It was quite an undertaking at the time. Mr. Saunders noted the Corp of Engineers was a very serious issue at one point; they talked to several representatives, finally got some help, and things started getting a little better. It was a long, long fight. With the recent attention RIFA has been getting, he thinks more people are looking at RIFA, he believes the state is also supporting them and things are better compared to where they were three to five years ago. Mr. Bradner noted the Corp has acknowledged it is a different market today and they would take that into consideration.

Mr. Shanks **moved** for adoption of *Resolution No. 2018-04-09-5C, approving that certain Proposal for Professional Services dated March 23, 2018, for Phase 1 Pad Expansion of the Authority's Berry Hill Mega Park project to make the pad more marketable to larger industries at (i) an aggregate lump sum of \$189,500 for wetland permit modification and preliminary engineering (\$90,000), final construction plans and specifications (\$60,000) and construction administration services (\$39,500), and (ii) a budget estimate of \$45,000 for construction testing and inspection services, subject, however, to grant use approval from the Virginia Tobacco Regional Revitalization Commission.*

The Motion was **seconded** by Mr. Blackstock and carried by the following vote:

VOTE: 4-0
AYE: Warren, Blackstock, Saunders and Shanks (4)
NAY: None (0)

5D. FINANCIAL STATUS REPORT AS OF MARCH 31, 2018

Authority Treasurer Michael Adkins gave the Financial Status report as of March 31, 2018 beginning with the \$7.3M Bonds for Cane Creek which showed no activity for the month of March. General Expenditures show \$8,175 paid to EPR for the grant application services, \$261 for meals and \$61 for monthly utilities. Mega Park Funding Other than Bond Funds show no activity for the month of March. Berry Hill Lot 4 Site Development shows RIFA expended \$205,047 to Haymes Brothers; all that is left on that contract is \$5,000 of retainage. Mr. Adkins reviewed a new funding sheet that represents Tobacco Grant #3358 which is Project Lignum, there was some prior activity but expenditures to date are to Dewberry for \$82,800. The next new funding page represents Tobacco Grants #2641 and #3011, for the Sanitary Sewer and Water System Improvements for Berry Hill; to date, the expenditures there are \$26,371.20. Rent, Interest and Other Income shows RIFA received \$20,654 from the Institute for Advanced Learning and Research, \$365 in interest, and paid \$20,654 to the Institute for the Hawkins' Building maintenance.

Mr. Saunders **moved** to accept the Financial Report as presented; the Motion was **seconded** by Mr. Blackstock and carried by the following vote:

VOTE: 4-0
AYE: Warren, Searce, Saunders and Shanks (4)
NAY: None (0)

DANVILLE-PITTSYLVANIA REGIONAL INDUSTRIAL FACILITY AUTHORITY

Minutes
April 9, 2018

6. CLOSED SESSION

[During the closed session, all matters discussed shall involve receiving advice from legal counsel, and as such all communications during the closed session shall be considered attorney-client privileged.]

At 12:38 p.m. Mr. Saunders **moved** that the Meeting of the Danville-Pittsylvania Regional Industrial Facility Authority be recessed in a Closed Meeting for the following purposes:

A. As permitted by § 2.2-3711(A)(5) of the Code of Virginia, 1950, as amended ("Virginia Code"), for discussion concerning one or more prospective businesses where no previous announcement has been made of that business's interest in locating its facilities in one or more of the Authority's projects located in Pittsylvania County, Virginia, and/or Danville, Virginia;

B. As permitted by Virginia Code § 2.2-3711(A)(39) for discussion or consideration of records excluded under Virginia Code §2.2-3705.6(3) (including without limitation (i) those certain confidential proprietary records voluntarily provided by private business pursuant to a promise of confidentiality from the Authority, and used by the Authority for business and trade development and (ii) those certain memoranda, working papers, or other information related to businesses that are considering locating or expanding in Virginia, prepared by the Authority, where competition or bargaining is involved and where disclosure of such information would adversely affect the financial interest of the Authority); such information being excluded from mandatory disclosure under Virginia Code § 2.2-3705.1(12) (information relating to the negotiation and award of a specific contract pertaining to the Authority's Berry Hill Mega Site project where competition or bargaining is involved and where the release of such information would adversely affect the bargaining power or negotiating strategy of the Authority) and Virginia Code § 2.2-3705.1(8) (appraisals and cost estimates of real property in the Authority's Berry Hill Mega Site project subject to a proposed purchase, sale, or lease, prior to the completion of such purchase, sale, or lease); and

C. As permitted by Virginia Code §§ 2.2-3711(A)(3) for discussion or consideration of the acquisition and/or the disposition of publicly held real property, where discussion in an open meeting would adversely affect the bargaining position or negotiating strategy of the Authority.

The Motion was **seconded** by Mr. Blackstock.

Mr. Warren noted they would like to invite all the RIFA Board Members, Clement Wheatley attorneys, Ken Larking, David Smitherman, Telly Tucker, Matt Rowe, Greg Sides, Ashley Wolfe, Earl Reynolds, Corrie Bobe, Dewberry Engineers and any present City Council or Board Members.

The **Motion** carried by the following vote:

VOTE:	4-0
AYE:	Warren, Searce, Saunders and Shanks (4)
NAY:	None (0)

DANVILLE-PITTSYLVANIA REGIONAL INDUSTRIAL FACILITY AUTHORITY

Minutes

April 9, 2018

D. On **Motion** by Mr. Blackstock and **second** by Mr. Shanks and by unanimous vote at 2:21 p.m., the Authority returned to open meeting.

E. Mr. Blackstock **moved** adoption of the following Resolution:

WHEREAS, the Authority convened in Closed Meeting on this date pursuant to an affirmative recorded vote and in accordance with the provisions of the Freedom of Information Act; and

WHEREAS, Section 2.2-3711 of the Code of Virginia, 1950, as amended, requires a Certification by the Authority that such Closed Meeting was conducted in conformity with Virginia Law;

NOW, THEREFORE, BE IT RESOLVED that the Authority hereby certifies that, to the best of each Member's knowledge, (i) only public business matters lawfully exempted by the open meeting requirements of Virginia Law were discussed in the Closed Meeting to which this Certification Resolution applies, and (ii) only such public business matters as were identified in the Motion convening the Closed Meeting were heard, discussed, or considered by the Authority.

The Motion was **seconded** by Mr. Shanks and carried by the following vote:

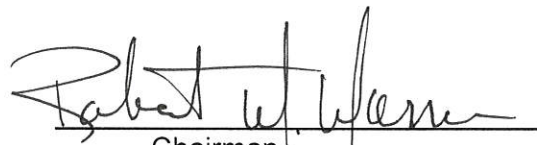
VOTE: 4-0
AYE: Warren, Searce, Saunders and Shanks (4)
NAY: None (0)

7. COMMUNICATIONS

Mr. Guanzon, in response to Mr. Warren, noted the Institute lease needs to be reviewed and Staff will look into it.

Mr. Warren thanked Dewberry for the presentation.

Meeting adjourned at 2:25 p.m.


Chairman


Secretary to the Authority